

TAX CREDIT ANALYSIS

Program Name: Small Business Incubator Tax Credit Program					
Department: Economic Development		Contact Name & No.: Brenda Horstman 751-3713			Date: October 2011
Program Category: Entrepreneurial			Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) _____		
Statutory Authority: 620.495, RSMo			Applicable Taxes: Income tax, Corporate franchise tax, Bank tax, Insurance premium tax, Other financial institutions tax		
Program Description and Eligibility Requirements: A taxpayer who makes a contribution to an approved incubator sponsor or fund can claim a state tax credit for a percentage of such contribution.					
Explanation of How Award is Computed: Entitlement _____ Discretionary <input checked="" type="checkbox"/> The tax credit is equal to 50% of the contribution.					
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 500,000 _____ None _____					
Explanation of cap: The \$500,000 annual cap is allocated each calendar year to approved incubators requesting funds based on need, competition and the appropriate use of contributions.					
Explanation of Expiration of Authority:					
Specific Provisions: (if applicable) Carry forward <u>5</u> years Carry Back _____ years Refundable _____ Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available _____					
Comments on Specific Provisions: 75 cents minimum sale price					
	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)
Certificates Issued (#)	28	22	36	30	30
Projects (#)	3	1	15	7	7
Amount Authorized	\$217,574	\$130,000	\$1,000,000	\$500,000	\$500,000
Amount Issued	\$189,967	\$196,448	\$232,301	\$300,000	\$300,000
Amount Redeemed	\$548,639	\$219,014	\$107,549	\$270,000	\$270,000
EST. Amount Outstanding	N/A	N/A	\$338,014	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$568,449	N/A	N/A

HISTORICAL AND PROJECTED INFORMATION

The bar chart displays the following data (in dollars):

Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Amount Authorized	\$217,574	\$130,000	\$1,000,000	\$500,000	\$500,000
Amount Issued	\$189,967	\$196,448	\$232,301	\$300,000	\$300,000
Amount Redeemed	\$548,639	\$219,014	\$107,549	\$270,000	\$270,000

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Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTUAL	Other Fiscal Period (10 years)	Derivation of Benefits
BENEFITS			Investment: (a) \$2 million investment in durable equipment in 2011. Employment: (a) 1 FTE in the Professional, Scientific Services Industry at average wages between 2011-2020. Other Assumptions: (a) n/a Incentives/Credits: (a) \$1 million in authorized Incubator tax credits, redeemed between 2011-2016.
Direct Fiscal Benefits	\$17,878	\$24,673	Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug11).
Indirect Fiscal Benefits	\$23,018	\$31,766	
Total	\$40,896	\$56,439	
COSTS			
Direct Fiscal Costs	\$166,667	\$945,946	
Indirect Fiscal Costs	\$0	\$0	
Total	\$166,667	\$945,946	
BENEFIT: COST	0.25	0.06	

Other Benefits:

In FY-2011, every dollar of authorized program tax credits returns

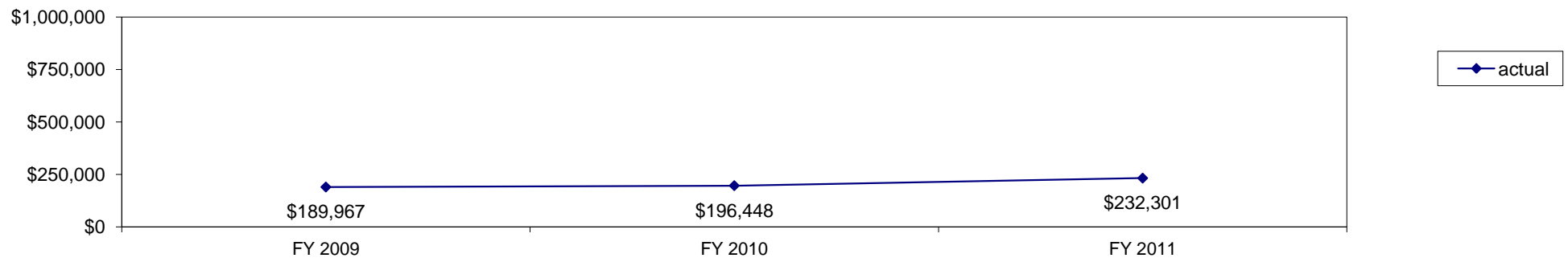
\$2.11 in new personal income totaling \$0.35 million
 \$3.96 in new value-added/GSP totaling \$0.66 million
 \$6.29 in new economic output totaling \$1.05 million

Over 10 YEARS, every dollar of authorized program tax credits returns

\$1.36 in new personal income totaling \$1.28 million
 \$1.81 in new value-added/GSP totaling \$1.71 million
 \$2.61 in new economic output totaling \$2.47 million

PERFORMANCE MEASURE(S)

Leveraged Investment



Comments on Performance Measure: